



### **Section 3:**

## **TECHNICAL APPROACH**

**RFP Number: HWY-307994-RP**

**Business Market Analysis**

**Due: July 7, 2006**

**3:00 PM Local Time**

**This proposal contains NWS proprietary information. It is provided to the requestor in response to a specific request for proposal. Dissemination of this information outside the specific parameters of the this solicitation requires the written release of either the CEO or COO of New West Strategies, Inc.**

## 3.0. Business Market Analysis

### *Introduction*

New West Strategies, Inc. (NWS) is a Service-Disabled, Veteran-Owned, Small Business (SDVOB) headquartered in Helena, Montana. New West Strategies, Inc. has distinguished itself as one the most successful small business development and contract management providers in the northern mountain region. Having identified, negotiated and successfully secured over \$15 million in federal, state, and commercial contracts for small businesses in Montana, Wyoming, and Idaho (including several Native American enterprises), NWS is highly recruited for its skills in marketing, business development, and enterprise development.

NWS Relevant Expertise and Credentialing - NWS has: (See Section 4 for specific references)

- Credentialed market analysts. Two of our principles hold advanced degrees in business; are nationally certified as professional contract managers; have been on graduate school business faculties; and have published articles on how small business can improve their success in government markets
- Over 55 years of federal and state contract management and small business development government service
- Over 10 years of specific experience in small business enterprise development to include emerging small businesses, small disadvantaged businesses, minority-owned businesses, and service-disabled, veteran-owned small businesses.
- Developed and secured over 12 special small and disadvantaged business designations for regional small business (to include 8(a); HubZone, woman-owned, veteran-owned; and disabled veteran owned)
- Facilitated the formation of several strategic relationships with corporate small business offices (Northrop Grumman; Lockheed-Martin; EADS, North America; and Honeywell).
- Developed an extensive contact network with several major federal small business program offices (DLA, Department of the Treasury, Department of Energy, USAF, USN, USA, and the National Guard Bureau)
- Established and on-going relationships with several federal executive branch offices to include the Small Business Administration and the Department of Veteran's Affairs.
- Brokered mentor-protégé relationships between small and large businesses to include a mentor-protégé relationship between the Fort Peck Tribes and Northrop-Grumman.

- Completed over 20 business market analyses to include market assessments for new commercial ventures; international alternative energy market analyses and production feasibility analyses; enterprise development analyses for Native American businesses; opportunity analysis for information technology (primarily software development and testing); and several strategic sourcing analyses for several different government procurement activities.
- Authored and conducted several small business seminars on how to do business with government agencies and how to administer government contracts to include a seminar for MOT/DEB in November 2004.

### ***Technical Approach:***

Based on this expertise, New West Strategies, Inc. would like to submit the following technical proposal as our formal response to Montana Department of Transportation's solicitation "HWY-307994-RP." To further facilitate your review, we have included **Table 1. Summary Matrix of Methodological Descriptions in order** to provide a convenient snapshot of our task-by-task technical approach. In addition, we have included **Figure 1. Study and Developmental Process Model**, which graphically describes our proposed process. Finally, we have included a projected timeline (See **Figure 4**) to provide a rough estimate of how much effort we believe it will take to thoroughly investigate these tasks and provide effective solutions.

Fundamentally, New West Strategies, Inc. views this requirement as a need to find a more effective means of encouraging participation in Montana highway projects. The task list does an excellent job of outlining the overall approach, i.e., assess the current market (both opportunities and responses); develop response strategies (educational and promotional material); and, implement those strategies with performance metrics to ensure continuous process improvement. What we have provided before are the methodological specifics, an estimate of time and expense, and some recommendations for follow-up.

**Table 1** is a referential overview of our process. As indicated in the table, our approach is a combination of ethnographic and empirical approaches. The ethnographic methodologies will provide background and perceptual measures to better understand both the challenges facing contractors and opportunities being made available by the state. In addition to providing an anecdotal foundation for understanding current participation patterns and work types, an investigation of current and past practices and processes, it will provide us with an activity baseline. Further, conducting basic perceptual interviews and surveys will provide us with a foundational image of both DOT advertising practices and a measure of their affect on participation. The empirical studies are intended to measure actual patterns for both solicitation and response. Together, we

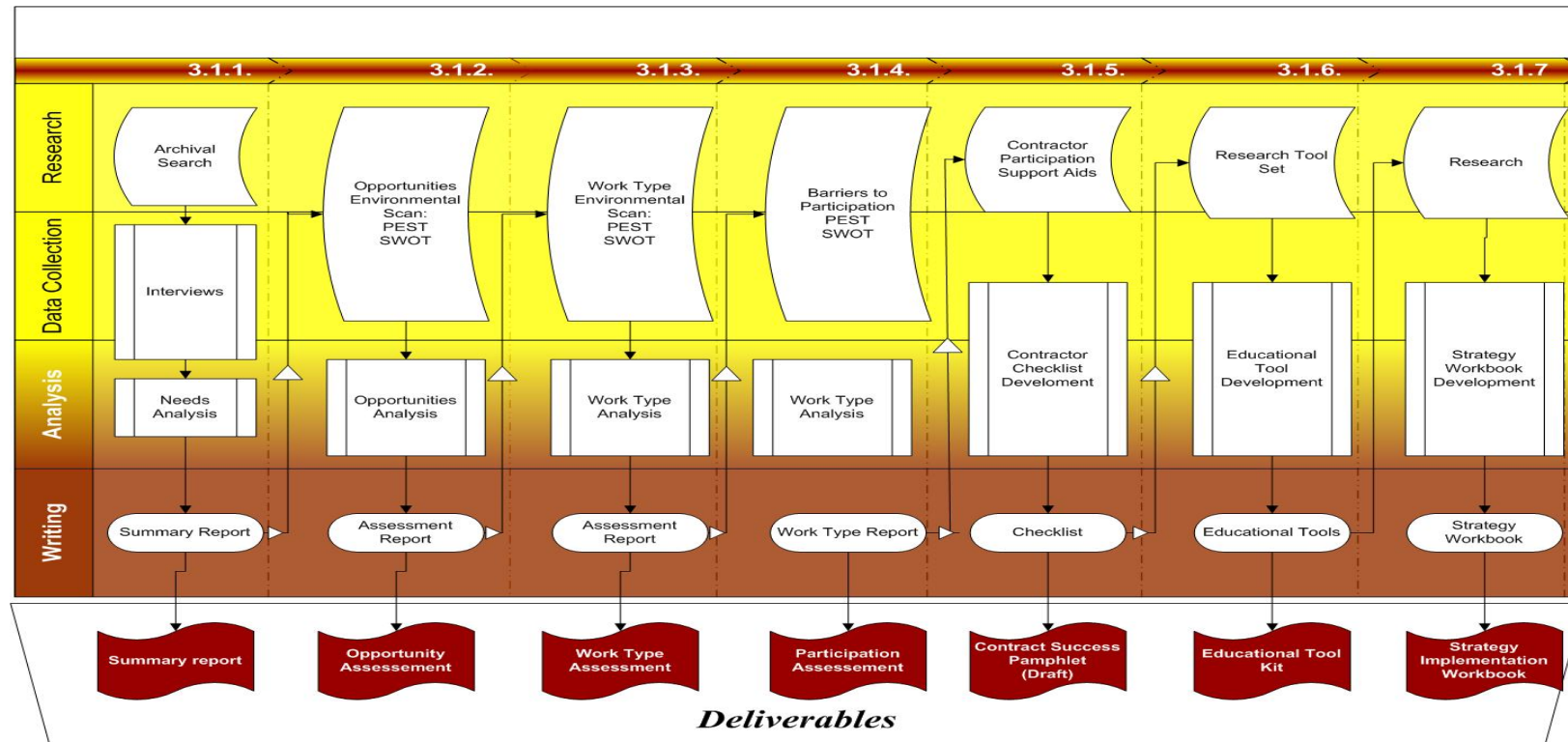
expect to develop an accurate picture of the status quo and use it to assist the Department in developing meaningful improvements.

**Table 1: Summary Matrix of Methodological Descriptions**

<b>Task</b>	<b>Description</b>	<b>Methodological Approach</b>	<b>Instruments/Processes</b>	<b>Deliverable</b>
<b>3.1.1</b>	Background Study/Literature Review	<ul style="list-style-type: none"> <li>• Ethnographic</li> </ul>	<ul style="list-style-type: none"> <li>• Archival</li> <li>• Interviews</li> <li>• Surveys</li> </ul>	Report of Findings and Trends
<b>3.1.2.</b>	Analysis of Opportunities	<ul style="list-style-type: none"> <li>• Ethnographic</li> <li>• Empirical</li> </ul>	<ul style="list-style-type: none"> <li>• Descriptive analysis</li> <li>• Modified P.E.S.T application</li> <li>• Tailored S.W.O.T Analysis</li> <li>• Opportunity assessment</li> <li>• Interviews with DOT project planners</li> </ul>	Opportunity analysis/assessment
<b>3.1.3.</b>	Analysis of Work Types & Competition Analysis	<ul style="list-style-type: none"> <li>• Ethnographic</li> <li>• Empirical</li> </ul>	<ul style="list-style-type: none"> <li>• Description analysis</li> <li>• Tailored S.W.O.T Analysis</li> <li>• Trend analysis by work type</li> </ul>	Work type analysis and assessment
<b>3.1.4.</b>	Analysis of Barriers to Entry / Participation	<ul style="list-style-type: none"> <li>• Ethnographic</li> <li>• Empirical</li> </ul>	<ul style="list-style-type: none"> <li>• Archival</li> <li>• Interviews with current contractors</li> <li>• Survey of potential contractors</li> </ul>	Barriers to Entry / Participation Assessment

<b>Task</b>	<b>Description</b>	<b>Methodological Approach</b>	<b>Instruments/Processes</b>	<b>Deliverable</b>
<b>3.1.5.</b>	Develop a checklist for contractors to improve chances of success	<ul style="list-style-type: none"> <li>• Ethnographic</li> </ul>	<ul style="list-style-type: none"> <li>• Review of similar assistance tools</li> <li>• Apply tool development process</li> </ul>	Draft pamphlet contractors can use to improve their changes for succeeding in the DOT marketplace
<b>3.1.6.</b>	Develop educational tools to assist current and potential DBE companies wishing to participate in DOT projects	<ul style="list-style-type: none"> <li>• Ethnographic</li> </ul>	<ul style="list-style-type: none"> <li>• Review of similar assistance tools</li> <li>• Apply tool development process</li> </ul>	Educational Tool Kit for DOT to use to help current and potential DEB increase their participation in DOT projects
<b>3.1.7.</b>	Develop a public information/education dissemination strategy that will effectively (measurably) increase contractor participation in DOT projects	<ul style="list-style-type: none"> <li>• Ethnographic</li> </ul>	<ul style="list-style-type: none"> <li>• Review of similar assistance tools</li> <li>• Apply tool development process</li> </ul>	Strategy Implementation Workbook

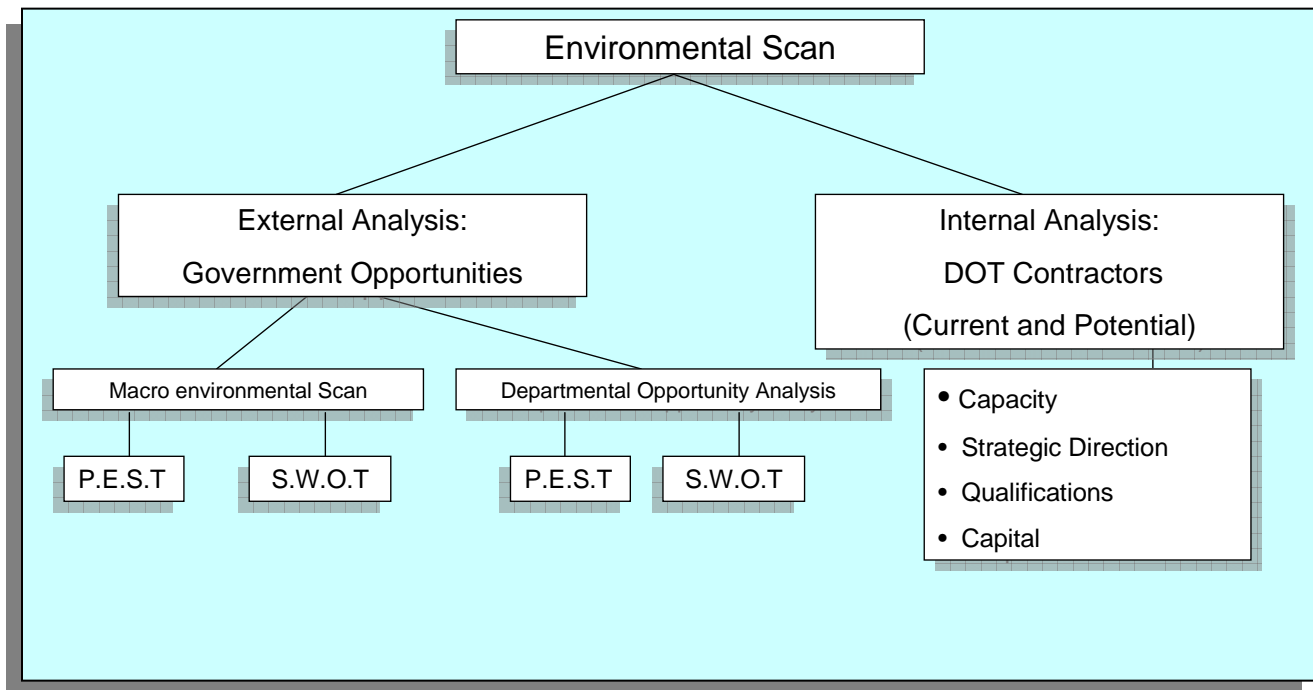
**Figure 1. Study and Developmental Process Model**



As reflected in **Figure 1**, each task feeds into the next yet remains severable. The initial research effort (and thus the time invested) will provide valuable information for process improvements. It will also provide superior foundational data for building more effective marketing aids for the state, improved educational materials, and solid continuous process improvement mechanisms for long-term, sustainable improvements.

All investigative studies at NWS begin the same way, with a comprehensive environmental analysis. **Figure 2** below graphically describes the various environmental issues that must be explored before a specific marketing plan can be design. As is evident from Figure 1, NWS pays very close attention to specialized market conditions. Equally important, NWS pays close attention to the specific political, economic, social, and technological (P.E.S.T.) trends that may affect a contractor's willingness to participate in a specific market.

**Figure 2: NWS Environmental Scanning Process Model** (Modified S.W.O.T model)



– **External Analysis: Environmental Scanning - P.E.S.T/S.W.O.T Methodologies:**

New West Strategies, Inc. has found that without a solid, reliable understanding of the environmental conditions it is impossible to develop an effective marketing strategy. NWS uses scanning methodologies that combined traditional S.W.O.T. (Strengths, Weaknesses, Opportunities, and Threats). In the case of assessing contractor participation in Montana highway projects there are two dynamics that appear to significantly affect levels of participation. First, government acquisition system tends to be complex and heavily regulated. Barriers to market entry can be high and very difficult to overcome. Being a publicly funded enterprise, the Department of Transportation must accomplish more with its acquisition dollar than the typical commercial enterprise. For example, the Department must not only consider the service it is purchasing, it must account for the impact of that acquisition on the marketplace. Concerns of competition, socio-economic development, and the promotion of economic growth have, and will continue to, make it challenging to enter the market. It is a constant battle to find solutions that achieve both optimal satisfaction of public objectives and maintain business efficiencies. For new entrants, finding opportunities, qualifying to participate, and developing effective proposals are expensive and confusing.

The second factor affecting contractor participation in highway projects is the capacity. In many cases, highway projects require large capital investments (equipment, materials, skilled resources, etc. ...), performance bonds, and extensive insurance liability policies. Further, most projects have very tight performance parameters, i.e., schedules and technical expectations, which further exacerbates the financial risk associated with participation. Extreme competition for materials and rapid rises in fuel costs make it difficult to develop a competitive position that will yield sufficient margins to make participation cost effective. Finding a niche that is affordable and achievable has and will continue to be complex.

Fortunately, New West Strategies, Inc. has found that our comprehensive scanning methodology has produced client success in circumstances where other marketing firms have struggled. At the foundation of our marketing methodology are our P.E.S.T. analyses. In addition to developing better ways for emerging businesses to find opportunities that best fit their core capabilities, our P.E.S.T and S.W.O.T analyses have help us identify “best business” solutions (particularly in business operations) that assist our clients in becoming more price competitive. It is our intention to rely on our knowledge of best practices to help identify opportunities that will fit potential supply capacities with emerging opportunities, i.e., develop strategies for greater participation.



- **Internal Analysis:** Assessing contractor challenges: NWS has been actively doing business with Montana enterprises for over 12 years. In the course of that time, we have had time to work closely with business associations, economic development groups, architectural firms, civil engineering consulting firms, and individual construction enterprises. In order to fully understand those factors that limit participation, we will revisit these groups to discuss what they perceive to be the challenges they face in attempting to expand their participation in highway projects. We intend to target three groups when conducting our interviews and surveys: 1) building associations; 2) civil engineering firms; and 3) construction support firms (i.e., striping firms, minor construction firms, traffic control providers, and equipment suppliers) in order to measure “participation perceptions.” Since perceptions can influence behavior, we believe that often barriers to entry are based on “perceived” limitations, i.e., the belief that either one is blocked from participation by limitations or one incapable of successfully meeting expectations. Therefore, we have found it a necessary element in any analysis to first measure what perceptions of participation that may be negatively impacting participation before we can determine how to best overcome them.

Next, we will conduct a “high-level” analysis of capacity. On a very practical level, it possible that participation is being affected by the lack of necessary capacity to fulfill the State of Montana’s highway project requirements. It is also possible, that the lack of overall project capability might be retarding participation as Native American enterprises fail to appreciate the subcontracting opportunities they might have capacity to satisfy. A broad analysis of Native American capacity will be critical to the development of future success strategies. Therefore, we will “walk the land” to assess what capacity exists, what capacity can be matured, and what capacity might be developed to increase participation.

Third, we will conduct an analysis of strategic direction. Every firm we have worked with over the past decade has struggled to define its business direction. Most have developed several, ambitious business objectives; but, they are short on strategies for accomplishing those goals. As such, every business is looking for help in defining their strategic direction.

Finally, we will be using several traditional business measures to determine where potential suppliers can best participate in highway projects. Limitations in capital for critical equipment, the inability to secure the necessary performance bonds and general liability insurances, and lack of success in recruiting and securing skilled human resources can be particularly difficult for smaller businesses. The willingness to select a niche, or take on smaller projects and build slowly, and/or to form joint ventures can mitigate these limitations; but all too often most businesses are either

unwilling to exercise these options or are unaware of how to effectively develop these strategies.

Our comprehensive mix of ethnographic and empirical approaches has been proven to produce the necessary understanding of specific behavioral trends. It has served NWS well in the past; and, we expect it to work well for the analysis of contractor participation in Montana highway projects. We also believe that information collected from this study will be very useful in the development of specific strategies for increasing participation in future Department of Transportation highway projects.

- **Developing Solutions:** Barriers to participation in government markets can be formidable. Overcoming those barriers requires education, developing comprehensive business capture methodologies; developing partnership formation strategies; and, developing performance metrics that can be used to maintain continuous improvements. Our proposal contains methods and processes for developing better awareness of opportunities and better problem-solving practices that have proven effective for those that may wish to participate but need assistance.
- **Education:** While further study and measurement will be required to isolate the specific causes of limited participation, we have often seen how lack of understanding and frustration with the complexities of government procurement are major obstacles and can negatively affect participation. While tailored programs need to be developed based on the studies mentioned above, we feel confident in saying that one strategy for improving participation is potential participants on how to approach government procurements and how to successfully navigate the proposal process. Often all a firm needs is assistance in finding advertised opportunities to increase their participation in government markets. Awareness seminars and greater visibility of opportunities along with improvements in access (i.e., developing a more user-friendly solicitation process) can have dramatic effects on levels of participation.
- **Business Capture Strategy:** Experience has taught us that in addition to awareness many contractors need assistance developing a business capture process. Again, many businesses struggle with business development. They lack process discipline throughout the capture process, i.e., everything from opportunity identification, developing business networks, proposal preparation, to negotiation. Over the years, NWS has developed a business capture process that has a remarkable record of capture success.

- **Partnership/Joint Strategy Formation Strategy:** Partnership affiliation has been one way that NWS has been able to assist small businesses with their growth plans. Too often it is impossible for a small company to manage a “growth-supporting” project. Either they lack the capital resources, or they lack sufficient personnel to support the task. By facilitating formal strategic partnerships or joint ventures, we have been able to increase serving capability for the small business – often with dramatic economic benefits.

In many instances, our clients have struggled with how to penetrate specific markets, usually government markets but also corporate and international markets. To overcome these limitations we have assisted our customers in locating businesses that they can work with or sell to, and then facilitate initial introductions and facilitate initial meetings with new customers.

- **Developing Better Self-Promotion Strategies:** We encourage all our clients to develop a rock solid capabilities briefing (either on their own or with our assistance). This accomplishes several things. First, it helps the customer get more comfortable with whom they are as a company and helps in developing interest in their capabilities. It also gives those assisting with marketing something to use to get into the potential customer’s door. New West Strategies, Inc. has facilitated or brokered over 50 such exchanges in just the last 4 months. Our experience shows that a well done capabilities briefing is an extremely effective marketing tool, particularly when dealing with government customers.

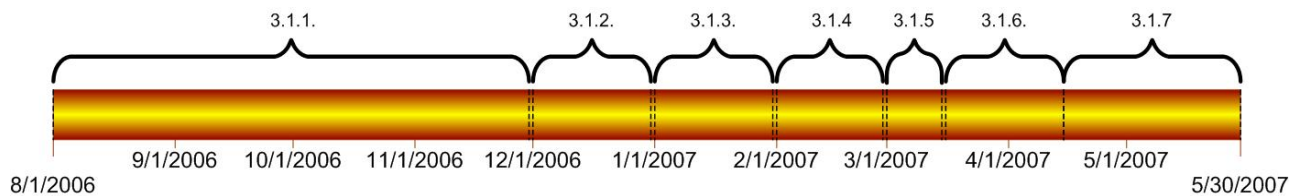
New West Strategies, Inc. understands the challenges of developing additional service providers. Over the last 25 years our principals have had the opportunity to study this problem from both sides of the table. Lessons learned in both government and private service have made it clear that this is a persistent and confounding challenge for all involved. Every new entrant into the government marketplace struggles with the barriers to entry. While difficult, it is a serviceable problem.

NWS has and will continue to assist government and private customers in finding a way to get together for the benefit of each. Our experience has uniquely prepared us to implement any and all the strategies necessary to improve the pool of government service providers. We have had extensive experience implementing each and every strategy suggested above. Whether conducting specific training sessions to assist vendors in understanding the complexities of the government marketplace or developing specific vendor capabilities briefings so that vendors can clearly communicate to government buyers the services and goods they can deliver, we are here prepared to facilitate. We have 12 years of experience in assisting Native American enterprises in developing their capability and expanding their participation in government procurements. Assisting

Montana's Department of Transportation to implement strategies that will further encourage contractors to participate in highway projects is a natural extension of our core competency in business development.

Our implementation model parallels the proposed task list. It begins by studying the problem; matures into developing the necessary strategies to counter the barriers to entry; and, is completed by implementing the developed strategies. Below is a project timeline that can be used as a rough guide to how long we expect this process to take. Implied in this designation, is that full implementation will be a continuous process and will extend beyond this study project. In a separate section is a breakout of the costs we propose for delivery of this service.

Figure 3: Proposed Implementation Timeline



**Examples of Success:**

- In one year, with one client, we were able to secure over \$2 million dollars in new government business. New West Strategies, Inc. attributes its success with the quality of our P.E.S.T. analytical methodology.
- In the last ten years, New West Strategies has assisted Native American firms in forming several meaningful partnerships:
  - Mentor-Protégé Agreement: ASTI (Fort Peck) and Northrop Grumman
  - Partnership: Fort Peck Tribes – Construction Company and Labors-Employers Corporation and Education Trust
  - Joint Venture: Integrated Solutions (Fort Peck Tribes) and Avanade (Microsoft Subsidiary)
  - Strategic Partnership: A&S Diversified (Fort Peck Tribes) and CV International
  - Joint Venture: A&S Diversified (Fort Peck Tribes) and Native American Service Corporation (NASCO – Idaho) [Construction project on Fort Gordon (GA)]
  - Strategic Alliance: United States Air Force and The National Center for American Enterprise Development (Mentoring Native American businesses).

Our participation in developing Native American business continues. New West Strategies is currently working on several strategic partnerships and joint ventures involving Montana and Idaho tribes. These negotiations involve everything from expanding Native American participation in manufacturing; construction; and information technology to increase participation in supplying goods and services to several major federal customers (USA; USAF; Navy; GSA; and Dept of Energy).